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STATE FOR EAP/RSP/TC, STATE PASS USTR AND AIT/W, USTR FOR
WINELAND, FREEMAN AND WINTERS, USMISSION GENEVA FOR SHARK

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TAGS: [ECON](#) [ETRD](#) [TW](#)

SUBJECT: TAIWAN REJECTS EU PROSPOSAL FOR GPA ACCESSION

Classified By: AIT Director Douglas Paal, Reason 1.4 b/d

[1](#)1. (U) This is an action request. See Para 7.

[1](#)2. (C) Summary: On July 19, AIT passed USTR-provided copies of the latest EU proposed language designed to allow Chinese Taipei's accession to the WTO Committee on Government Procurement (GPA) to Taiwan's Bureau of Foreign Trade and to the National Security Council's Connie Yang. After consulting within the NSC, Yang told AIT she was advising the Chinese Taipei office in Geneva to reject the new EU proposal in favor of the November position. She thought this new proposal was an unacceptable compromise of Taiwan's sovereignty that came without a guarantee that the PRC delegation would accept Chinese Taipei's membership in the GPA Committee. End Summary.

[1](#)3. (C) In November 2004, the EU proposed a two-step process that would have GPA Committee members first adopt a resolution that nomenclature used in the committee would "be without prejudice to the position of WTO Members concerning status in international law." The second decision would refer to the first in allowing Chinese Taipei to accede to the committee. After the Chinese refused to accept this formulation, the EU revised their proposal to refer directly to "nomenclature ... provided by a Delegation representing a separate customs territory" and to "note that none of this terminology has implications for sovereignty." In other respects, the EU's two-step proposal remains the same.

[1](#)4. (C) On July 19, AIT shared this new proposal with NSC Senior Advisor Connie Yang (Yang Guang-hua). Although she had not seen a copy of the proposal, she had been contacted by the Chinese Taipei representative in Geneva and planned to speak with him shortly. Her initial reaction was that the new language, while possibly acceptable in the right circumstances, was too large a concession to make without a guarantee that the Chinese Delegation would accept Chinese Taipei's accession to the GPA Committee. Copies of the new EU proposal were also provided to the BOFT Multilateral Affairs Office.

[1](#)5. (C) After an internal meeting, Yang informed AIT that the NSC had decided to advise Chinese Taipei's Geneva office that it believed the EU-proposed "second decision" should not refer back to the first decision since that now explicitly mentions "a Delegation representing a separate customs territory". In addition, the NSC advocates dropping the reference to sovereignty and returning to the November 2004 language on "international law" in the first decision.

[1](#)6. (C) Comment: Yang implied that she would be willing to reconsider this position if the U.S. and EU were willing to make strong efforts with the Chair of the GPA Committee to overcome Chinese objections. She claims to see no advantage to giving up a bargaining chip by agreeing to this new proposal referencing sovereignty, especially so soon after the "blue book incident," without getting a Chinese chip, in the form of a commitment to allow Chinese Taipei's accession to the GPA Committee, in return. Yang's instructions to Geneva were not the product of careful consideration or consultation, but rather were based on a hastily called meeting on the afternoon of July 19. If the U.S. supports this new EU proposal as a means to facilitate Chinese Taipei's entry into the GPA, a concerted effort by the U.S. and EU to explain the benefits of this new proposal to the Chinese Taipei delegation in Geneva and to players in Taipei could lead Taipei to reconsider its position. End Comment.

[1](#)7. (C) Action request: Please advise whether the U.S. views this EU proposal as a realistic means to facilitate Chinese Taipei's entry into the GPA and if so, authorize AIT/T to work with local EU Representatives on an approach to the Taiwan government designed to encourage a reconsideration of the EU proposal.

PAAL